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DISPATCH NO.

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BGFINESSE

 Italy 3705

TO : Chief WE

DATE 20 August 1954

FROM : Senior Representative,

SUBJECT: GENERAL— SHAM/OBDURATE/INTEL

SPECIFIC— Project to Intensify Effort Against Albania; New
Sources; Greek Service Cooperation; Request for AIS Support;
Long-Range and Personal Considerations Concerning

Source :

References :

HQ Action Required: Reply to recommendation contained in Section I below.
Particular attention is drawn to Long-Range aspects of
 ambitions as outlined in Section H below.

(Part I below is the translation of materials passed to us by Source on 14
August 1954. Field comment is set forth under Part II).

PART I

 REPORT 12 AUGUST 1954.

A. General Considerations .

1. Information reaching this office since last spring has indicated that there has been a general increase in the tempo of military and political activity in Albania. This situation gives some support to the belief that the Soviets may have in mind to exploit the geographical-strategic position of Albania to a greater extent than formerly believed.
2. This office has therefore concentrated its limited means and personnel in an attempt to develop further information on the area.

B. Evidence of Increased Military Activity .

3. Completely Reliable Information .

During the months of May-July 1954 it has been definitely ascertained

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through ☐ ☐ sources as well as by direct observation that maritime freight traffic of the USSR and its Satellites with Albania has greatly increased.

4. There has been a great increase in the amount of war materials shipped to Albania, as is confirmed by a recently developed new source (Field comment: see list submitted under cover of 1st Reference).

5. Cargo handling facilities at the port of Durres have been greatly strengthened.

6. Recent photo coverage shows that extensive work on defensive installations is under way.

7. Three new naval vessels of PT boat type have recently been observed, one in the vicinity of Durres, two near Vlone (Source comment: reported by observers aboard Italian vessels S. FRANCESCO and MARIA CHRISTINA, and confirmed by new source at Durres).

8. Increased aerial activity in Albanian skies, including day-time AA defense exercises at Durres (Field comment: reported by seamen of Italian vessel seized by Albanian authorities and released after questioning of crew).

9. Probably Reliable Information .

Strength of Soviet military personnel in Albania has been increased to some 400 men (according to new Durres source).

10. Albanian army personnel has been sent to Odessa, and navy and air force personnel to Sebastopol to undergo special courses of military instruction there (SS TRANSYLVANIA during months of June-July 1954 transported some 2000 men on outward voyages from Albania, according to new Durres source).

11. Albanian armed forces have recently been fully reorganized.

12. A considerable number of East German military personnel has arrived in Albania via sea from Gdynia.

13. Possibly Reliable Information .

The presence of 3 Soviet pocket submarines in Albanian waters is reported. It is likewise reported that the USSR will soon release one torpedo boat, three corvettes, and three gunboats to the Albanian navy.

C. Evidence Increased Political and IS Activity .

14. Completely Reliable Information .

Undoubtedly on Kremlin orders, Enver HOXHA has been substituted by Mehmet SHEHU.

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15. An order has been issued to increase cooperation between the PCI and the Albanian IS, as is reported by a recently developed penetration of the PCI at Bari (Field comment: see 2nd Reference).

16. Probably True Information .

There appears to be some slight shift in emphasis of Albania's IS and CE organs. Control of these services would appear to have passed completely into Soviet hands even on the lower levels (Source comment: as emerges from Albanian interrogation of Italian seamen).

D. Source Appreciation of Situation .

17. In view of the situation outlined above and bearing in mind past information of similar nature, it is believed that the following basic appreciation of the Albanian situation can be made:
- a) The USSR no longer regards Albania as a distant and indefensible appendage.
 - b) The USSR, on the contrary, appears to be strengthening Albania both militarily and politically, and apparently regards the country as a definitely politically and militarily exploitable wedge in the geographic area of the new Balkan Alliance.
18. Bearing in mind the concept that strategic warfare justifies any charge against the general economy, it would appear that the USSR has decided to exploit Albania for offensive purposes. This is in sharp contrast to the slower economic and political tempo of the past which led to the belief that Soviet intentions concerning Albania were limited to a mere holding operation.
19. In conclusion it is recalled that information this far available to us refers only to a limited portion of Albania's area and to restricted periods of time. It is logical to assume that the increased activities noted are applicable on a full time basis to Albania as a whole.

E. Operational Program .

20. Current efforts against Albania are along the following lines, some of them in a phase of initial development:
- 1 a) Exploitation of vessel used to maintain diplomatic courier service.
 - b) Scheduling of Italian vessels calling at Durres in order to effect maximum possible coverage from point of view of time. This effort,

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is based on relations with ship owners and operators and the captains of vessels, and has permitted 54 days of observation at Durres during a recent 90-day period.

- " | c) Exploitation of certain vessels carrying trained agent observers.
d) New source at Durres.
e) Penetration of Bari PCI Sector which maintains contacts with Albania.

21. In view of the USSR's apparently increased interest in Albania, it is proposed to intensify efforts against that country. The following considerations and recommendations are submitted in this regard:

- a) Additional personnel is required in order to spread thinner the risk of agents-observers, vessels and crews; to increase the general security of the shipboard observer effort; and in order to obtain more constant coverage of port and coastal activity. It is recommended therefore that at least four men qualified as quartermaster, machinist or w/t operator ratings be assigned this office for training and assignment to vessels calling at Albanian ports.
- b) Steps should be taken to intensify contacts and improve relations with owners and operators of vessels now being used or those to be used in the future. It is suggested that this office might defray the cost of insuring these vessels and their owners against the risks involved. Their only payment to date has consisted of furnishing them with Diesel fuel from service stores.
- c) It is suggested that a service-controlled vessel with special installations and a carefully picked and trained crew operate against Albania in the Vlone and Porto Palermo areas. A similar vessel and crew might deliberately allow itself to be captured for a minor infraction in order to subject Albanian security methods and interrogation techniques to trained observation.
- d) || The new source at Durres should be more intensively exploited and control should be increased by assuring him that financial reward will be paid to his family.
- e) The Bari PCI penetration should be subjected to greater exploitation, and the agent should be placed on a salary basis.

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PART II
FIELD COMMENT

F. Additional Operational Information .

22. New Sources .

[REDACTED] so-called new sources were apparently developed almost entirely by [REDACTED], an individual of enormous energy, ready enthusiasms and equally facile tendencies towards early discouragement. At this point it is not clear to what extent he was aided by [REDACTED] whose own tendencies towards vagueness and superficiality are reflected in the sketchy information which follows.

23. PCI Bari Penetration .

The alleged penetration of the Bari PCI Federation (see paras. 15, 20e above, and 2nd Ref.) is handled exclusively by [REDACTED], and [REDACTED] is not informed of any details in that regard.

24. A certain similarity in tenor and style of the 2nd Ref. item to old [REDACTED] materials is noted. Its source, until fully identified, will be regarded with deepest suspicion.

25. Source's easy acceptance of the factuality of the alleged Bari penetration, his recommendation that the agent be placed on a regular salaried agent basis, and his tendency to accept the 2nd Ref. item as confirmatory of the report contained in para. 3 of 1st Ref. are noted as a negative characteristic which future handling must attempt to overcome.

26. Durres Customs Guard .

Identified in Part I materials above (see paras. 4, 7, 9, 10, 20d, 21d) as a Customs guard, the new Durres source is elsewhere mentioned as a police lieutenant. The existence of the individual in question, in any case, first came to the attention of Source and [REDACTED] through the latter's contact with the Albahian's daughter who came to Italy last year to continue her studies. Contact with the daughter is maintained exclusively by [REDACTED]. Both he and Source, despite the latter's foggiess on actual details, feel that the control they can exert through her is sufficient to guarantee the father's cooperation.
1 So much so, in fact, that they are willing to expose "LUIGINO" and AZZI to the enormous hazard he represents.

27. Initial cultivation of the guard was handled by "LUIGINO" during his vessel's calls at Durres. The guard was given small presents of cigarettes and matches to begin with. On a more recent call he was given a radio tube and condenser for which he had asked.

28. Although [REDACTED]'s own knowledge of details is woefully sketchy, the new Durres source is also in contact with Tirane Italian Legation employee [REDACTED]. When "LUIGINO"'s vessel calls, the latter visits Durres to pick up the diplomatic pouch. Although the automobile in which [REDACTED]

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1 travels to Durres is driven by an Albanian chauffeur who is also a Sigurimi agent, [] avers that [] and the Durres guard met between Tirane and Durres. The report contained in 1st Ref. was allegedly passed in this manner.

29. []'s belief in the bona fides of the new Durres source is bolstered by an independent report which appears to confirm one item of the information the Albanian has submitted. A [] observer whose ship called at Durres during the month of July observed a quantity of what were obviously anti-tank mines being unloaded from another vessel there. The time element and the quantity of mines which the observer estimated to have been unloaded during the period of his observation tied perfectly with the Durres Source's report that over 20,000 mines arrived at the port during June-July 1954 (see para. 2, 1st Ref.). The shipboard observer in question, [] states, is not even aware of the existence of the Durres source (Field comment: the report of the observer is to be furnished us by [] office, and will be submitted when received).

30. Greek Service Cooperation .

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In the early part of August 1954, [] visited Athens where he consulted with Greek IS officials whom he did not better identify to us. He reports that he worked out a basis for a joint undertaking with the Greek service designed to furnish some degree of coverage of the southern Albanian coast line.

31. The project apparently involves basing an MFV with a trained crew of observers at Corfu and use of two observation posts, one on Corfu, the other on an islet north of Corfu, for long-range photography of the Albanian coast line.
32. It is hoped to obtain full details regarding this aspect of [] activities on his return from leave.
33. Italian MFV Seized by Albanians .

During the month of June or July 1954 an Italian MFV, possibly the S. FRANCESCO mentioned above (paras. 8, 16, 21e), unintentionally entered Albanian territorial waters while fishing. Seized by an Albanian Coast Guard vessel, she was taken to Vlone and held there with her crew for over 20 days. Throughout the extended group and individual interrogations of the crew, Albanian questioners in uniform were backed by an individual in civilian clothes who was obviously their superior. From time to time the Albanian interrogators would consult with the civilian in a language which returning MFV crew members declare was not Albanian, but was probably Russian.

34. Attempt will be made to obtain a copy of the report covering Italian interrogation of crew members on their release and return to Italy.

G. Possibilities Establishing Joint Operations.

35. The Field is not in a position to evaluate Source's opinion that Albania has

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lately assumed a position of increased importance in Soviet strategic planning. There is nevertheless definite evidence of a recently stepped-up tempo of port traffic, cargo handling, and work on what appear to be coastal defense installations. Upon that basis alone it is believed that Source is on the right track in planning to increase his service's effort against the area.

36. The materials set forth in Part I above, and the 14 August [redacted] discussion of general aspects are only preliminary to the project which is yet to be defined in its details. Its broader implementation, however, will depend on our willingness to finance it. In return, [redacted] was informed, the operation should assume all the characteristics of a joint undertaking with full and up-to-date operational data being furnished us constantly. As illustrative of our requirements regarding operational information, it was indicated that it would be necessary to identify the new Durres source and the Bari PCI penetration agent to us. Contrary to our past experience of him, [redacted] appeared to receive these suggestions favorably. It is felt that it may be possible to work with him on that desired across-the-board basis in the future.

H. Personal and Long-range Aspects Regarding [redacted]

37. [redacted] is undoubtedly completely sincere in emphasizing the necessity for intensifying effort against Albania. Personal considerations, however, are not entirely lacking. Under the previous [redacted] administration, [redacted] looked to his chief for guidance, undeviatingly followed the line laid down by the Chief, and left all operational initiative and decision as to release of operational information to AIS exclusively to [redacted].
38. [redacted]'s attitude towards [redacted] is somewhat different. He is not impressed with his present chief's professional competence and grasp of the over-all military-political-IS picture. He feels that [redacted] fails completely to appreciate the Albanian situation and the need for full IS coverage of the country. This [redacted] attitude, real or imagined, causes [redacted] to feel that his own efforts in that field are unappreciated. On the social level [redacted], who is something of a snob, considers himself his chief's superior. An almost identical evaluation of [redacted]'s attitudes towards his chief has been given by the Supply Corps lieutenant who heads the [redacted] service's special funds.
39. The slight resentments thus engendered in [redacted], it is believed, have led him to take the initiative in proposing a form of joint collaboration whose duration he envisages as possibly extending beyond his tour of present office. His current assignment, as elsewhere reported, is scheduled to terminate in late September or early October so that he may undergo the tour of shipboard command required for promotion.
40. [redacted] now avers he is "willing" to postpone his transfer to command duty for three or four months in order to set the intensified Albanian operation on the tracks. Adducing security considerations and the necessity for

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experienced guidance, he suggests he might even continue to handle the operation after his transfer to sea-duty (his ship will probably be based at Taranto).

41. The advisability of maintaining factual operational reasons for continuing a close association with [] is obviously not to be overlooked. This is a particularly valid consideration in view of an ambition vaguely expressed to us by [] himself, and one which he has explicitly stated to the Special Funds Officer above mentioned: by no means sharing certain reservations others may hold concerning his abilities as an operator, [] has set his sights on one day holding down the position currently occupied by []. There is no reason to foresee that this ambition will not be fulfilled.

I. Recommendation for Financial Support .

42. Source left Rome on 15 August for his mid-summer vacation, but plans to return approximately 1 September. At that time his project will be discussed in greater detail as concerns objectives, means, personnel and operational details.
43. In the meantime, it is suggested that Headquarters set up a contingent budget to cover costs of the operation for an initial 12 month period. Although no definite figures can be set at this stage, it is not believed that expenditures during the first year would exceed an average of [] lire per month. It is therefore requested that that sum be allotted. ([])
44. This recommendation, we believe, finds considerable support in the long-range considerations outlined in the foregoing section.

Prepared by:

[]
17 August 1954

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